

CALIFORNIA HIGH-SPEED RAIL AUTHORITY
MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

BYRON SHER AUDITORIUM
1001 I STREET, 2ND FLOOR
SACRAMENTO, CALIFORNIA

TUESDAY, OCTOBER 14, 2014

9:08 A.M.

Reported by:
Kent J. Odell

APPEARANCESBOARD MEMBERS

Dan Richard, Chairman

Tom Richards, Vice Chair

Jim Hartnett, Vice Chair

Michael Rossi

Thea Selby

Lynn Schenk

Jeff Morales

Rick Frank

Katherine Perez-Estolano

Patrick Henning

STAFF

Janice Neibel

ALSO PRESENT

Michelle Boehm

Tom Fellenz

Scott Jarvis

The Honorable Bonnie Lowenthal

Janet Dawson, Assembly Transportation Committee

PUBLIC SPEAKERS

Janice Mathurin

B.T. Lewis

APPEARANCES (CONT.)ALSO PRESENT

Dr. Bruce McAllister

Leroy Candler

Rev. Richard Daniels

Frank Oliveira

Ross Browning

Diana LaCome

Paul Guerrero

Robert Allen

Marvin Dean

| <u>INDEX</u> | <u>PAGE</u> |
|--|-------------|
| Roll Call | 1 |
| Public Comment | 2 |
| 1. Consider Approval of Board Meeting Minutes from August 12 Board Meeting | 33 |
| 2. Commendation of the Honorable Bonnie Lowenthal for her Service as Chair of the Assembly Committee on Transportation | 58 |
| 3. Consider Delegating Authority to the CEO to Review and Certify Proposed Advertising Displays at High-Speed Rail Multimodal Transit Facilities | 34 |
| 4. Consider Approval of an Amendment to the Nossaman LLP Contract for Time and Budget Los Angeles County | 36 |
| 5. Consider Providing Approval to Issue a Request for Qualifications for Environmental/Engineering Services on the Palmdale to Burbank Project Section | 61 |

INDEX CONTINUEDPAGE

| | | |
|----|---|----|
| 6. | Update on the Procurement for the Program Management Team Contract and Next Steps to Los Angeles/Anaheim Corridor | 67 |
| 7. | Closed Session Pertaining to Litigation | 79 |
| 8. | Reporter's Certificate | 85 |
| 9. | Transcriber's Certificate | 86 |

P R O C E E D I N G S

9:08 a.m.

PROCEEDINGS BEGIN AT 9:08 A.M.

SACRAMENTO, CALIFORNIA, TUESDAY, OCTOBER 14, 2014

VICE CHAIR HARTNETT: Good morning. If we can have the Board members take their seats and we'll start the meeting shortly.

BOARD MEMBER ROSSI: We can start it now.

VICE CHAIR HARTNETT: I want to make sure everybody's at the dais that's here. Okay.

UNIDENTIFIED FEMALE: Shesan (phonetic) indicates these people should go first, they're all together.

VICE CHAIR HARTNETT: Okay. Great, if we could start with the roll call and then we'll do the Pledge of Allegiance, please.

MS. NEIBEL: Ms. Schenk? Ms. Schenk?

BOARD MEMBER SCHENK: Here.

MS. NEIBEL: Vice Chair Richards?

VICE CHAIR RICHARDS: Here.

MS. NEIBEL: Vice Chair Hartnett?

VICE CHAIR HARTNETT: Here.

MS. NEIBEL: Mr. Rossi?

BOARD MEMBER ROSSI: Here.

MS. NEIBEL: Ms. Perez-Estolano?

BOARD MEMBER PEREZ-ESTOLANO: Here.

1 MS. NEIBEL: Mr. Henning?

2 BOARD MEMBER HENNING: Here.

3 MS. NEIBEL: Mr. Frank?

4 BOARD MEMBER FRANK: Here.

5 MS. NEIBEL: Ms. Selby?

6 BOARD MEMBER SELBY: Here.

7 MS. NEIBEL: And Chairman Richard?

8 VICE CHAIR HARTNETT: I'm sorry, he's on the way.

9 UNIDENTIFIED MALE: He should be here, en route.

10 UNIDENTIFIED FEMALE: Then who's the Chair?

11 VICE CHAIR HARTNETT: And I'm here.

12 Okay. All right, if you could please stand and
13 we'll have the Pledge of Allegiance led by Director Rossi.

14 (Whereupon the Pledge of Allegiance was recited.)

15 VICE CHAIR HARTNETT: As you know, we start out
16 with public comment. This is for comment by the public on
17 any of our agenda items as well as just general public
18 comments as to items that are not on the agenda.

19 I have a number of speaker cards. I understand
20 that -- with respect to -- I think there's a group of five
21 that has divided up their time, if I have these in the right
22 order. And I apologize if I mispronounce a name or miss
23 someone in order. But I -- I will call out three names and
24 I'd ask the first person that I call out to approach the
25 podium for their public presentation and the others to be

1 ready.

2 First is Ms. Janice Mathurin. After that I have
3 B.T. Lewis and Dr. Bruce McAllister.

4 MS. MATHURIN: Good morning, my name is Janice
5 Mathurin and I'm the Director --

6 (Microphone issues)

7 MS. MATHURIN: This is it? This is it? Okay.
8 Good morning. Okay. You can hear me now? Okay, great.

9 My name is Janice Mathurin and I am the Director
10 of West -- the Director of Operations at West Fresno Family
11 Resource Center. It's a community-based organization that's
12 located in southwest Fresno and we're dedicated to
13 empowering and supporting the community to achieve optimal
14 health and well-being.

15 I'm also a member of Voice and Voice is a diverse
16 coalition of stakeholders and leaders from organizations
17 throughout the Central Valley. We have committed ourselves
18 to ensuring that the voices of those we represent will be
19 heard on this important question of public investment
20 leading to good jobs and bright futures.

21 We are leaders from labor, religious and
22 community-based organization that was formed early this year
23 to ensure that the Central Valley most disadvantaged workers
24 are not left behind during the construction of the high-
25 speed rail and other massive public work projects.

1 Our Voice members actually includes Faith in
2 Community, Feed My Sheep Ministry, Fellowship Ministry,
3 Fellowship Ministry Baptist Church, Rising Star Missionary
4 Baptist Church, Saints Rest Baptist Church, Saints Community
5 Church of God and Christ, San Joaquin Construction Academy,
6 Service Employee International Union Local 1000, West Fresno
7 Family Resource Center and Westside Church of God.

8 We believe in the power of numbers and about the
9 power of this group, the many families that represents --
10 that it represents in terms of numbers. The combination of
11 community-based in the pews and neighborhoods plus a strong
12 community-based organization such as West Fresno Family
13 Resource Center plus a strong statewide labor union says
14 much about our commitment and our desire to see individuals
15 and their families get themselves on the path to economic
16 health.

17 And we want to see our communities become
18 healthier places to live. We want to see a much stronger
19 public focus on the needs of our most disadvantaged
20 communities. We need more ambitious goals to prepare, goals
21 for preparation, job training and placement. These goals
22 must be supported with adequate funding to get the job done.

23 I also would like to present to the Board copies
24 of our findings. And do I pass it out -- this out or?

25 VICE CHAIR HARTNETT: (Inaudible)

1 MS. MATHURIN: Okay. Okay.

2 VICE CHAIR HARTNETT: Thank you.

3 MS. MATHURIN: And I also would like -- like to
4 take this opportunity to have all of those represented by
5 our group who came all the way from the Central Valley here
6 with us, if you will kindly stand for us.

7 (Audience members stand)

8 MS. MATHURIN: Okay.

9 VICE CHAIR HARTNETT: Thank you for being here.

10 MS. MATHURIAN: Thank you. Thank you for your
11 time.

12 VICE CHAIR HARTNETT: Thank you.

13 Reverend B.T. Lewis followed by Dr. Bruce
14 McAllister followed by Dr. Bruce McAllister followed by
15 Mr. Leroy Candler.

16 REVEREND LEWIS: Good morning Board Chair and
17 Board members. Thank you for giving us this time to come
18 and share some of our concerns with you this morning.

19 My name is Pastor B.T. Lewis. I'm the senior
20 pastor of the Rising Star Missionary Baptist Church. I'm
21 also the President of the West Fresno Faith-Based
22 Organization, a collaborative of pastors. And then I'm also
23 a board member on Faith and Community, which is part of the
24 PICO Network and PICO stands for People Improving
25 Communities Through Organizing.

1 And so we are -- we're here today, because we're
2 concerned about the process, the hiring and preparation
3 process for high-speed rail. We've studied the process and
4 we've documented in detail the inequities of the high-speed
5 rail outreach and hiring process.

6 We could -- what could be a pipeline to hope, has
7 for many, become another experience of hopelessness and
8 disappointment. The project has the potential to change the
9 financial trajectory of many families in our valley and in
10 our state and to raise the quality of life for those
11 families for many years to come. From my own personal
12 experience it only took one job to create one career and
13 that one job and that one career changed my family's life
14 forever.

15 And so we're here to partner with you, to look for
16 ways to partner with you to address some of the subjective
17 limitations in the outreach and hiring process that we've
18 experienced in the Valley. We want to make the milestones
19 in the process more objective and equitably sound.

20 We have people, congregants, in our memberships
21 that have experienced the outreach and hiring process in the
22 Valley. And it has not always been fair nor kind. And so
23 it is -- it is our belief that this project should include
24 effective components of preparation and integration to avoid
25 perpetuating a systemic climate of segregation.

1 It is my interest, and the interest of my
2 colleagues, the others I collaborate with in Voice, and it
3 is the interest of my fellow Fresnoans that the every person
4 be judged by the content of their character. And be given
5 fair and equitable opportunity to pursue happiness and
6 prosperity for their families for years to come.

7 Our hope and expectation is that this project will
8 change the landscape of poverty in a city that holds the
9 reputation for having one of the highest concentrations of
10 poverty in our nation. High-speed rail is more than just an
11 opportunity for a job. It can literally change the lives of
12 families in our community. And then it can therefore change
13 the landscape, the economic landscape, of our entire
14 community.

15 And so we're looking for an opportunity to work
16 with you in this process. We want to work with you to help
17 this process become an effective and influential process
18 that will ensure the best possible results for our
19 constituency. And so, in closing, I'd just like to say that
20 we look forward to working with you. We look forward to
21 engaging you further in some of the details of how we can
22 make this happen. Thank you.

23 VICE CHAIR HARTNETT: Thank you very much,
24 Reverend.

25 The next is Reverend Dr. Bruce McAllister followed

1 by Leroy and Candler and Reverend Richard Daniels.

2 DR. MCALLISTER: Thank you, Mr. Chairman, and to
3 the Board this morning.

4 I am the senior pastor of Saints Community Church
5 of God and Christ in Fresno, a member of the West Fresno
6 Minister Alliance and West Fresno Faith-Based Organization,
7 also a commissioner with the Economic Opportunities
8 Commission in Fresno.

9 I want to talk for a moment just from the heart.
10 I don't have any notes before me, but I just want to talk
11 from the heart for a moment. We left Fresno this morning a
12 little bit after 5:00 a.m. coming to Sacramento. And just
13 think what it could've been like if we had all been on high-
14 speed rail moving from Fresno to Sacramento.

15 VICE CHAIR HARTNETT: We've been thinking about
16 that for a long time.

17 DR. MCALLISTER: But listen, we are excited
18 Chairman and we're looking forward to that.

19 As a pastor, as a minister, and with many of my
20 colleagues who are here and others who are back in Fresno
21 every Sunday morning we have been given the awesome task of
22 being what we call the watcher men on the wall. And every
23 Sunday morning we see men, we see women coming to our
24 congregations, many who are unemployed, many who are
25 hurting, many who are struggling.

1 And I got involved in this personally, because it
2 was a personal interest. And I don't mind, you know, being
3 transparent in this. Because I understand that if families
4 are doing well -- because I've taken a holistic approach to
5 ministry -- and I know that if families are doing well
6 economically then there's a good chance that other areas of
7 their life will also go well with them as well as
8 spiritually, emotionally and socially. All the things that
9 are important in making up human beings.

10 And so my investment in this is to see that folks
11 from my community and some of my parishioners be able at
12 some point and time -- and I know that this is not an
13 overnight process -- but at some point and time be able to
14 access some of those jobs. Have a fair chance at getting
15 those jobs. And also even being prepared to the move to the
16 level where they can get those jobs.

17 And we're not asking that standards be lowered by
18 any means, but if we can help prepare then I think those of
19 us in ministry, as we collaborate with labor and community
20 organizations, we will have really felt that we've done our
21 job if we can improve the quality of life for those who are
22 unemployed and underemployed.

23 Mr. Chairman, thank you so much sir, for this
24 time.

25 VICE CHAIR HARTNETT: Thank you very much,

1 Reverend.

2 Mr. Leroy Candler and then Reverend Richard
3 Daniels.

4 MR. CANDLER: Good morning. Good morning. It's a
5 pleasure to be here this morning and I appreciate the
6 opportunity to speak before this distinguished group of
7 people.

8 My name is Leroy Candler. I am the outreach
9 coordinator for the Central Region Valley SEIU Local 1000.
10 We are state workers of all kinds and I am a Caltrans
11 employee. I have been a state worker for over 20 years now.
12 There are almost 8,000 SEIU members along the 99 Corridor
13 throughout the Central Valley and the region. We are
14 committed to working hard to making sure that our
15 communities are healthy places to work and to raise our
16 families.

17 As I look over the audience this morning I am
18 awfully pleased to be here. When I first started out on
19 this journey it was because of the fact that I was --
20 actually I'm a delegate for the Central Labor Council. And
21 I was at a meeting and I heard that they were having
22 meetings in my community, where I come from, that were given
23 at some of the pastors' churches, some of who I knew.

24 And I grew up in Fresno, in fact I live there
25 right now. My family's there. My grandfather come here in

1 the 1940s where he brought a plot of land and he brought 11
2 of his children here. And all of them have become very
3 productive in the City of Fresno, but since that time a lot
4 of things have changed. And there's people here that don't
5 have the opportunity to have a fair -- a decent life and to
6 raise their family -- anything.

7 So I decided from that meeting at the Central
8 Labor Council that it didn't seem like the word was getting
9 out in the right places to get our people to have a right
10 chance for the right meeting. And the information that was
11 being given to me wasn't that the information was incorrect,
12 it just wasn't complete enough to give the people a fair
13 chance. So I asked for a -- some information that I thought
14 I should have been received.

15 And I wasn't received well, and it wasn't given to
16 me as well, so it started me to thinking. And I contacted
17 my president, Ms. Yvonne Walker, SEIU 1000. And well, she
18 had challenged me a couple of years ago to be more active in
19 my community. And I told her I just had just the right
20 thing that was very necessary for us to get involved with my
21 community if we were going to have a chance to improve our
22 community.

23 We have a mission statement that we try to live by
24 and we try to make that mission statement a living document
25 and it has come to fruition. When I first started down this

1 journey it didn't seem as if I could get anybody to listen
2 to the fact that if the high-speed rail start tomorrow, the
3 only people that was going to be left out was the people
4 that was in West Fresno, because they wouldn't have a chance
5 for any of these jobs.

6 And I'm thankful for this time and I'm not going
7 to try to beat anybody up. And I didn't come here to
8 criticize anybody. Actually, I've come here to give thanks
9 to you for welcoming us to come in, to open the door for us
10 for further communications. And I'm just thankful for the
11 process that we have went through and I'm thankful for the
12 experience. And I've met Mr. Jeff Morales, Ms. Diane Gomez
13 and I met Mr. Tom Richards and things are looking for
14 productive. And I'm thankful that we're going to have
15 further communications.

16 And with that I will say good evening.

17 VICE CHAIR HARTNETT: Thank you, sir.

18 Reverend Richard Daniels?

19 REVEREND DANIELS: Good morning. My name is
20 Reverend Richard Daniels. I'm the pastor of the Fellowship
21 Baptist Church in Fresno, California and part of the Voice
22 group that have met since May of this year to deal with many
23 of the things the speakers before me have already said. The
24 system is broken and it needs fixing.

25 Part of it that gets us -- my community, my

1 people, our people, poor people, hard-working people who
2 live at real addresses on real streets in Fresno from
3 unemployment to employment -- the inadequacy of resources
4 for funds, for getting them trained and placed, is obvious
5 even through an agency that's been in this city for 15
6 years, the West Fresno Family Resource Center, and many
7 others. Our challenge to you today is -- and I thank you
8 for the privilege. I thank you for allowing us to be here
9 and even having shown some interest in meeting with us in
10 the Fresno region. And we want you, we invite you to come
11 and sit with us and shoulder to shoulder with this group
12 called Voice, that I'm proud to be a part of, to see what we
13 can do together to make this process a lot easier.

14 I would to God today that the high-speed rail had
15 been in place. And I wouldn't have had to drive all that
16 distance from 4:00 in the morning to be here to speak for
17 two minutes. I think I long for that day as I approach 45
18 years of ministry and 68 years of living.

19 I'm grateful. I thank you, but I want to see our
20 community progress and I think as we come together as
21 partners we can make that happen together. Thank you so
22 much for allowing us this privilege.

23 And may I say, the people who came on this bus are
24 true representatives of our community. They are seniors,
25 mothers and fathers and grandmothers and grandfathers, some

1 perhaps even looking for work. And I thank them for coming
2 and showing. It's been said that the community didn't care.
3 We wanted to bring them here, not to beat anybody up, but
4 to say, "We do care." Thank you.

5 VICE CHAIR HARTNETT: Thank, you Reverend. Thank
6 you very much, Reverend.

7 The first five speakers were each designated as
8 from the Voice Coalition. And we grouped them together as
9 representatives of the large number of people who came. And
10 in consideration of consolidating down the number of
11 speakers I allocated -- letting my fellow Board members know
12 that I allocated more than the two minutes per person, so
13 that they could adequately address us.

14 And we appreciate how you've organized and that
15 you're all here. And also appreciate to receive the written
16 materials that have been provided to us. And as you know,
17 our staff will be following up as well, so thank you for
18 making the trip. And I hope it'll next time, be on a train.

19 And I'll turn it over our esteemed Chair to go
20 through the rest of the speaker cards.

21 VICE CHAIR RICHARDS: Mr. Chairman, if I may?

22 VICE CHAIR HARTNETT: Certainly.

23 VICE CHAIR RICHARDS: And stepping out of order,
24 please don't leave. Please don't leave yet.

25 I just wanted to -- I think as many of you know

1 that I am a proud resident of this great community of
2 Fresno. And I couldn't be more proud to sit up here and
3 look at all of you there.

4 I think Reverend McAllister said something that's
5 really important. We all know that you don't need to reduce
6 the standards. What we need to do is equalize the
7 opportunity. Okay?

8 And I think I can certainly speak for myself, I
9 know, with regards to our staff, our CEO Jeff Morales who
10 I've talked to, Diana Gomez who I think some of you have met
11 with, Oliver Baines who I've been talking at length with
12 over the last few days. We are committed to help achieve
13 those same goals for the Fresno community as well as the
14 State of California.

15 We're not going to solve all the problems that
16 we've got in the Central Valley or in our community, but we
17 can certainly help make a dent. And we can certainly do
18 what we can do as an organization in utilizing the tools we
19 put in place with our small business and minority business
20 and disadvantaged business criteria to give the greatest
21 opportunity we can for the people who really are close to my
22 heart. And those are the ones from West Fresno, who have
23 suffered as we all know in our local community, for years
24 for equalized opportunity.

25 So I have to tell you, speaking for myself and

1 those who I've mentioned, that we look forward to standing
2 with you. I will work tirelessly with Oliver and with our
3 staff to try to generate the results that we all would be
4 proud of.

5 What I can tell you is that, as you well know,
6 we're not a training organization and we are not given
7 training funds. But through the Governor's Office last year
8 the first step in terms of funding that was available has
9 been utilized well. And that was about a million-and-a-half
10 dollar grant, which was spread over a couple of the regional
11 workforce investment boards.

12 The Fresno Regional Workforce Investment Board, of
13 which I was the Chair at the time, got the advantage of
14 about half of it. What I can tell you that program has done
15 to date, we had about 1,800 people who were screened. We
16 had about 375 people who have been qualified for training,
17 104 as I understand it have graduated, 75 have been placed.

18 Now, it's only a beginning. Quite clearly and as
19 I understand it, it's not that many of them have found
20 employment with high-speed rail. But from my perspective it
21 was still, and is a success, because what was most important
22 was good-paying jobs for people who were unemployed.

23 So we want you to keep your voices strong and we
24 look forward to working with you. And thanks again very
25 much, for coming. It's very meaningful for us.

1 BOARD MEMBER SCHENK: Dan? Dan?

2 CHAIRMAN RICHARD: Yes, first of all welcome
3 everybody. I apologize for being late, but my colleagues
4 clearly have taken this issue very seriously. And my
5 colleague Vice Chair Tom Richards, we're just so fortunate
6 to have him representing the communities in the Central
7 Valley on this body.

8 Ms. Schenk?

9 BOARD MEMBER SCHENK: Thank you, Mr. Chairman.

10 As you know, it is very unusual for us to respond
11 to public comment and in the years I've been on this Board I
12 don't think I've ever done it. But I just wanted to say to
13 those of you who got up at 4:00 in the morning to come here,
14 and even though some of you only spoke for two minutes and
15 some of you didn't speak, how very much I appreciate your
16 being here in the face of loud voices and criticism.

17 Having you here bolsters my faith in this project
18 and what it can do in the Central Valley, what it can do for
19 the State of California not only in getting people here in a
20 reasonable amount of time, but the job creation, the
21 environmental protection. And I pledge to work with my
22 esteemed colleague from the Central Valley to make his dream
23 come true about what high-speed rail can do for the citizens
24 of that wonderful area. So thank you very much for coming
25 today.

1 CHAIRMAN RICHARD: Thank you, Ms. Schenk.
2 Director Rossi?

3 BOARD MEMBER ROSSI: First Reverend, I'm 70. And
4 I left at 4:00 o'clock this morning as well, so I'm right
5 with you, hopefully I'll be with you a long time.

6 But one of the things that I do for the Governor
7 is I am the Chairman of the Workforce Investment Board, so
8 when you talk about grants and the efforts that have been
9 made I will tell you that we are fully committed to seeing
10 that training takes place. That the opportunities to move
11 the important needle of creation of opportunities for
12 everyone in all communities is uppermost in our minds.

13 And I -- as Director Schenk has just said -- I
14 stand shoulder-to-shoulder with Tom Richards to make that
15 happen. And so as I leave this meeting today I will be in
16 the Office of the Department of Labor taking a look at
17 exactly what these numbers really mean and where they are.

18 And I also thank you all for making that trip.
19 And just to let you know, I've got two years on you.

20 UNIDENTIFIED MALE: All right then, thank you.

21 BOARD MEMBER PEREZ-ESTOLANO: Dan?

22 CHAIRMAN RICHARD: Ms. Perez-Estolano.

23 BOARD MEMBER PEREZ-ESTOLANO: Good morning,
24 everyone. First of all I have -- I again, like my
25 colleagues, would like to say thank you for coming and

1 speaking to us.

2 Two things: one, for the way in which you shared
3 your concerns with us. We get yelled at a lot here and it's
4 refreshing and incredibly effective to come and say, "Look,
5 you guys have got to do better." And we're committed to
6 doing better and we will do better. And for me, that's an
7 important powerful message that we will work in
8 collaboration with you. And we -- as my colleague
9 Mr. Richard said, we are very committed to getting it right
10 and getting it right in Fresno.

11 And so with that I'd just also like to say please
12 don't make this the last time that you come. We do meet in
13 Fresno and hopefully you will come and visit us when we meet
14 in Fresno and we'll extend that invitation to you. So you
15 can tell us, "You know, you've gotten better or no you still
16 need to get better." Tell us how we're doing, because
17 that's important to me as a small business owner myself. As
18 a DBE and MBE myself it's important to me that we get this
19 right, so thank you.

20 CHAIRMAN RICHARD: Thank you all very much. I
21 think it's obvious I should've gotten up at 4:00 in the
22 morning to -- but as you heard from my colleagues there's a
23 heartfelt commitment to working with your community and to
24 bringing the benefits of this project to everybody in
25 California. So thank you and you are certainly welcome to

1 sit in the rest of our meeting, otherwise we wish you safe
2 travels. So thank you.

3 PUBLIC SPEAKERS: Thank you. Thank you very much.

4 CHAIRMAN RICHARD: Thank you, sir.

5 (Colloquy Between Board Members.)

6 Could I just ask what shade of pink is that
7 exactly? I think I won't make any further comment.

8 BOARD MEMBER SCHENK: It's a rowdy bunch on this
9 side.

10 CHAIRMAN RICHARD: We'll give a moment for these
11 fine folks to do the -- Mr. Hartnett, thank you very much.
12 I apologize for being late this morning.

13 VICE CHAIR HARTNETT: That's okay, young people
14 have trouble getting here.

15 CHAIRMAN RICHARD: I know, it's a problem.

16 Yes, hello? I can barely see you down there. I'm
17 sorry?

18 (Colloquy Between Board Members.)

19 VICE CHAIR HARTNETT: Can I just acknowledge that
20 you're here?

21 CHAIRMAN RICHARD: Yeah. Do you want to reopen
22 the roll now that I'm here? Okay. Do you have to do the
23 whole thing or just call the absentees?

24 MS. NEIBEL: I'd like to call the whole roll --

25 CHAIRMAN RICHARD: Okay.

1 MS. NEIBEL: -- for the record.

2 CHAIRMAN RICHARD: All right.

3 MS. NEIBEL: Ms. Schenk?

4 BOARD MEMBER SCHENK: Here.

5 MS. NEIBEL: Vice Chair Richards?

6 VICE CHAIR RICHARDS: Here.

7 MS. NEIBEL: Vice Chair Hartnett?

8 VICE CHAIR HARTNETT: Here.

9 MS. NEIBEL: Mr. Rossi?

10 BOARD MEMBER ROSSI: Here.

11 MS. NEIBEL: Ms. Perez-Estolano?

12 BOARD MEMBER PEREZ-ESTOLANO: Here.

13 MS. NEIBEL: Mr. Henning?

14 BOARD MEMBER HENNING: Here.

15 MS. NEIBEL: Mr. Frank?

16 BOARD MEMBER FRANK: Here.

17 MS. NEIBEL: Ms. Selby?

18 BOARD MEMBER SELBY: Here.

19 MS. NEIBEL: Chairman Richard?

20 CHAIRMAN RICHARD: All right, we'll continue
21 through the public comment period taking comments in the
22 order they were received. Once again, I want to thank Vice
23 Chair Hartnett and my colleagues for proceeding in my
24 absence, so that I didn't inconvenience people.

25 Next up is Frank Oliveira and he'll be followed by

1 Ross Browning and then Diana LaCome.

2 MR. OLIVEIRA: Frank Oliveira from Citizens for
3 California High-Speed Rail Accountability.

4 On September 28th John Cox from the Bakersfield
5 Californian reported that your staff has known since 2013
6 that your Tehachapi Mountain route will not work.
7 Suppressed Authority documents confirm this. You have --
8 you will have to start over or abandon the project. The lay
9 of that steep grade simply exceeds the maximum tolerances
10 allowed by your technical design requirements.

11 This is a national transportation infrastructure
12 catastrophe, like the Bay Bridge, that will unfold after you
13 spend approximately \$6 billion pretending to build something
14 in the Central Valley that will not connect to Southern
15 California.

16 Your Chief Program Manager's sworn statement --
17 court statement reflects the train must go almost down a
18 3,000-foot elevation drop off the mountains across the
19 entire Central Valley maintaining 200 mile -- 220 miles per
20 hour to meet the legally-mandated requirement of less than 2
21 hours and 40 minutes. Not a problem for a garbage in,
22 garbage out computer model, but there is no steel rail on
23 steel wheel train available today that can maintain 220 mile
24 an hour climb up the Tehachapis. And there is no braking
25 system that would make it safe to go down the Tehachapis at

1 220 miles an hour.

2 Proposition 1A requires your funding plan certify
3 completed EIRs for the entire operating segment before
4 asking for an appropriation in order to protect the public's
5 investment from the problems like this after the fact.
6 Complying with that requirement would have revealed the
7 problem and forced appropriate mitigations in the routing
8 and obviously affected EIRs north and south of the
9 mountains. You failed to tell the legislature that you knew
10 your plan would not work when you requested the Prop 1A
11 billions; that they would not have appropriated the money
12 for you if you had. We believe the Supreme Court will see
13 this.

14 Why was the contract to the consultant that
15 prepared these suppressed documents not renewed? Were they
16 canned for not pretending for you? Why did your staff delay
17 releasing these documents for months after they were
18 requested? This looks like a cover-up, smells like a cover-
19 up, and it is a cover-up. Will the State Attorney General
20 investigate this cover-up? Does the Governor realize that
21 you have known, at the latest 2013, that his legacy project
22 will not work and will make him an international fool?

23 Billions of dollars, ARRA dollars, are being used
24 in this pretend project. Will the US Attorney General
25 investigate this cover-up? Have you told the US Department

1 of Transportation about this? What will Congress say?
2 We challenge you here today, point us to the breaking system
3 that will slow your pretend train down as it falls off the
4 mountains at 220. We demand a full public presentation on
5 all of these issues at your next Board meeting. Thank you.

6 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

7 Ross Browning, followed by Diana LaCome and then
8 Paul Guerrero.

9 MR. BROWNING: Yes, good morning. My name is Ross
10 Browning, also from CCHSRA, the Laton Division.

11 CHAIRMAN RICHARD: Laton Division?

12 MR. BROWNING: Yeah, we -- I had to say something,
13 I'm tired of saying Laton.

14 CHAIRMAN RICHARD: Yeah.

15 MR. BROWNING: I would like to make some comments
16 on comments that Mr. Morales made that were in this Fresno
17 Bee that a -- a Mr. Michael Seti had written in. I have not
18 read Mr. Seti's article or know what he says, but I'm just
19 concerned or interested in some things that Mr. Morales
20 said. I'm going to do a little cherry-picking here, but you
21 guys know what that is, because you do it to us all the
22 time.

23 You said, Mr. Morales, that the voters and the
24 legislature, actually the legislature and the voters,
25 decided the the route of the high-speed rail system, not

1 some nefarious strategy hatched up the California High-Speed
2 Rail Authority.

3 Only part of that statement is true. The voters
4 did not decide a route. They approved a route that the
5 legislature gave us. I -- I don't recall ever having
6 anybody say, "Do you want to A or B or C or all of them or
7 none of them?" Didn't happen that way. You've got the
8 train going to Modesto here, but that's not in Prop 1A. I
9 guess we -- we gain little things as we go along.

10 I'm going to touch on something in here. You talk
11 about 220 miles an hour, and that's a 110 miles an hour he
12 advocates. I don't know where he's getting his number from,
13 but as far as I know there has been no proof that you have
14 any train or that anything will operate at 220 miles on the
15 system that you've -- you've designed or that you're coming
16 up with.

17 And, last but not least, you mention here enough
18 demand to generate net operating cash flows. There's
19 Mr. Rossi and I've sat through two meetings where Mr. Rossi
20 came totally unglued when somebody said "net operating
21 profit, net operating cash flow." He says it is an
22 operating cash flow, not a net operating cash flow. Thank
23 you, very much.

24 CHAIRMAN RICHARD: Thank you, Mr. Browning.

25 MS. LACOME: Can you hear me now?

1 CHAIRMAN RICHARD: Yes.

2 MS. LACOME: Yes, okay.

3 CHAIRMAN RICHARD: Okay, Ms. LaCome.

4 MS. LACOME: Yes, good morning Chairman Richard,
5 CEO Morales and Board members. I have two items that I
6 would like to discuss with you.

7 First, one is I was just reading that you are
8 seeking train set manufacturers. And this is all well and
9 good, but I do hope that you keep your commitment about
10 building these trains here in California. As you saw from
11 the previous speakers it is very much needed, especially in
12 Central California.

13 You state in your press release that you're
14 already looking for land for the facilities, maintenance and
15 so on, for the heavy duty and the light and so on. But
16 there's no mention at all about the manufacturing plants, so
17 I would just like to bring that to your attention and
18 hopefully we'll move in that direction.

19 The second item is a dispute resolution board.
20 Now that we're into construction there are disputes,
21 construction disputes on a daily basis. The large
22 contractors have a dispute resolution board, but the small
23 business do not.

24 So I think that with your supportive services
25 contract, or either separately, that the Authority should

1 look into developing a DRB for small business. And that
2 this would be -- actually all small businesses would be
3 notified that this would be available for their use at no
4 cost, because usually what'll happen is that they have to go
5 to court. Litigation is very expensive and this is
6 something that the Authority can do to help the small
7 business. Thank you.

8 CHAIRMAN RICHARD: Thank you, Ms. LaCome. We will
9 take a look at that suggestion.

10 Paul Guerrero?

11 MR. GUERRERO: Good morning. Good morning.

12 CHAIRMAN RICHARD: Good morning.

13 MR. GUERRERO: On behalf of LaRaza Round Table I
14 want to compliment Jeff Morales on his presentation at our
15 last LaRaza Round Table meeting. We were very impressed by
16 the fact that he rode the train from Sacramento to San Jose;
17 he really walks the talk.

18 CHAIRMAN RICHARD: Or rides the ride, I guess we
19 could say.

20 MR. GUERRERO: Or rides the ride, yes.

21 At our last -- at our board meeting, at that
22 meeting we discussed getting the word out about
23 opportunities for small businesses to participate in
24 construction and purchasing on the high-speed rail.

25 And I believe you have a handout there that is a

1 copy of what DGS puts out and it starts on the first page
2 with asphalt and it ends on the last page with pudding. And
3 these are the products that they have out to purchase and
4 this is updated monthly. So you get this list you know
5 what's coming up. This thing goes all the way up into 2015,
6 I believe, on some of these projects. You have February
7 2015 for beverages.

8 So what I suggest is that High-Speed Rail look at
9 adopting something like this. And if you do we'll commit to
10 getting this thing out statewide for you. I mean, we have
11 an email process set up ourselves that we can get this out
12 statewide to the bulk of the major organizations and then
13 they can get it out to their members. So I really hope you
14 take a look at that and maybe produce something similar.
15 Thank you.

16 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.

17 The next comment is from Robert Allen and then the
18 final speaker this morning will be Marvin Dean. Good
19 morning, Bob.

20 MR. ALLEN: Fifteen years ago, Amtrak hit a steel-
21 loaded truck at Bourbonnais, Illinois. And it had this
22 derailment which I have showed and I've passed it out to you
23 before. Blended rail that you have violates the very
24 premise of Proposition 1A in 2008 that high-speed rail would
25 be safe and reliable.

1 We fence our 65-mile-an-hour freeways against
2 intrusion, against cross-traffic. Caltrain runs 79 miles an
3 hour past station platforms, across dozens of cross-streets
4 and you talk of raising that in the Caltrain area to 125
5 miles an hour? It's a recipe for disaster far worse than
6 this Bourbonnais derailment that killed 11 people and
7 injured 128, derailed two heavy locomotives, derailed 11 --
8 14 cars.

9 To meet that safe and reliable premise of
10 Proposition 1A high-speed rail needs to -- a secure track
11 fenced and grade separated. Initial high-speed rail to the
12 Bay Area should end at San Jose with a nearly seamless
13 transfer there to Caltrain, Capitol Corridor, VTA Light Rail
14 and the (inaudible) Silicon Valley BART.

15 I urge you squander no more high-speed rail funds
16 on Caltrain electrification or extension. High-speed trains
17 on those tracks would be vulnerable to devastating mishap,
18 to accidents and purposeful suicide. So I urge you to
19 rephrase the -- the plans that you have. That you phase
20 high-speed rail to the Bay Area simply to San Jose for the
21 time being, later up the Amtrak line to Oakland and
22 Sacramento. Thank you.

23 CHAIRMAN RICHARD: Thank you, Mr. Allen.

24 Mr. Dean?

25 MR. DEAN: Good evening or should I say good

1 morning? I left at 3:00 o'clock this morning and I haven't
2 got any sleep since last night, so bear with me.

3 I just want to make a few remarks on a few things.
4 First of all, I want to thank the Board for all of you --
5 what you've done to this point in terms of small business
6 and DBE commitment.

7 I want to thank the Fresno community for coming up
8 here. I'm a part of that group as well and I asked that
9 they come down here and present their views, because a lot
10 of these issues we've been raising for some time. But I
11 could tell you throughout the Central Valley -- and that's
12 where we're targeting -- the reason I didn't want to take
13 their time to get the buses and get back. I'm from
14 Bakersfield. Our target area is from Bakersfield to
15 Stockton and we're looking at those environmental justice
16 committees along the right-of-way.

17 And we've got other members along the right-of-way
18 have the same issues. We could have brought folks in here
19 from Corcoran. We could have brought folks in here from
20 Stockton. We could have brought folks in from Bakersfield,
21 but the issues are the same. But the project that's down
22 zero -- is ground zero is Fresno.

23 And I want to say that what I hope got clear was
24 they support the project. All of us support the project.
25 We know that -- I know that the biggest challenge this Board

1 has is getting this project built and still some doubts as
2 to what's -- what's going to happen with that, so that's
3 your number-one challenge. And I know that you're sensitive
4 to small business.

5 But those us of that are concerned about this, we
6 can also step up and be a part of the solution by working
7 with us, and we feel that we've been kind of underutilized
8 in terms of what we can bring to the table. As an example,
9 the unions play an important role, but they can't touch most
10 of those communities. A lot of the folks are going to have
11 to get job-ready. They can't -- if they're ready to -- got
12 all their requirements and they step up in the unions then
13 they'll get those programs. But a lot of these people in
14 these environmental justice communities, if we don't address
15 that problem and deal with some of the barriers, they're not
16 going to be involved in this process.

17 And that's all we're trying to do is cry out and
18 say that we want to be included and we want to come up with
19 some recommendations. And I've asked for a meeting with
20 Jeff. And I apologize Jeff, but my schedule's been crazy.
21 I know I've supposed to have met a couple of times and we're
22 going to try to pin it down before I leave. And we're going
23 to come up with some recommendations of what we can probably
24 do to help.

25 But the -- I guess what I wanted to just say I

1 wanted to say that we're grateful for what you guys have
2 done. And we want to just partner with you, so that we can
3 do what we need to do to make sure that everybody's going to
4 be included. And I guess that's really what I just came to
5 say to you.

6 And that our concern is again, these environmental
7 justice communities along the route. And that's why I
8 proposed some time ago about looking at the Century Freeway
9 model. But -- and we talked about those impacts out there.

10 What are we going to do for remedies? And we're going to
11 come up with some recommendations as to what we think that
12 might work, some smart things that might be able to help to
13 get some of our people ready.

14 And that what we're focusing on again, is these
15 routes along the environmental justice communities along the
16 Central Valley. Because right now what's in place is good,
17 but it's not hitting the target to address a lot of these
18 people that came here today. And we want to come up with
19 some recommendations and to partner with you.

20 So thank you for the time.

21 CHAIRMAN RICHARD: Thank you, Mr. Dean. And thank
22 you for your work on this.

23 Okay. With that we have completed the public
24 comment section, and I think it's --

25 UNIDENTIFIED MALE: (Inaudible)

1 CHAIRMAN RICHARD: Okay. So we'll move on to the
2 regular portion of the agenda, so the first thing is -- I'm
3 sorry my --

4 UNIDENTIFIED MALE: It's the minutes.

5 CHAIRMAN RICHARD: Yeah, I know. I know it's the
6 minutes. I just wanted to get my --

7 Okay. I'll entertain a motion to move by Director
8 Rossi directed by Director Schenk. Could the secretary
9 please call the roll?

10 MS. NEIBEL: Ms. Schenk?

11 BOARD MEMBER SCHENK: Yes.

12 MS. NEIBEL: Vice Chair Richards?

13 VICE CHAIR RICHARDS:

14 MS. NEIBEL: Vice Chair Hartnett?

15 VICE CHAIR HARTNETT: Abstain.

16 MS. NEIBEL: Mr. Rossi?

17 BOARD MEMBER ROSSI: Yes.

18 MS. NEIBEL: Ms. Perez-Estolano?

19 BOARD MEMBER PEREZ-ESTOLANO: Yes.

20 MS. NEIBEL: Mr. Henning?

21 BOARD MEMBER HENNING: Yes.

22 MS. NEIBEL: Mr. Frank?

23 BOARD MEMBER FRANK: Yes.

24 MS. NEIBEL: Ms. Selby?

25 BOARD MEMBER SELBY: Yes.

1 MS. NEIBEL: Chairman Richard?

2 CHAIRMAN RICHARD: Yes.

3 We expect to see Chair Lowenthal any minute here,
4 so we'll just proceed through this until she arrives and so
5 we'll skip over item two for now.

6 Let me just take one moment just for house-keeping
7 matters. We had talked about -- at some point after that I
8 know that Director Frank has to leave this morning around
9 11:00; is that right?

10 BOARD MEMBER FRANK: That's right.

11 CHAIRMAN RICHARD: Okay. So what I'd like to
12 propose is that after Ms. Lowenthal's presentation that we
13 -- so hold on one second, let me just check.

14 (Colloquy between Board Members.)

15 All right, so I think we'll just proceed through
16 the agenda then as normal. Some of the issues that we had
17 have been overtaken. Okay. So we'll do that.

18 All right, so item three, consideration of
19 delegation of authority to the CEO to review and certify
20 proposed advertising displays.

21 BOARD MEMBER ROSSI: So moved.

22 VICE CHAIR HARTNETT: Second.

23 CHAIRMAN RICHARD: It's been moved by Director
24 Rossi. It's been seconded by Vice Chair Hartnett. It's
25 been noted that Ms. Boehm is standing at the podium with

1 nothing to do.

2 Will the Secretary please call the roll?

3 MS. NEIBEL: Ms. Schenk?

4 BOARD MEMBER SELBY: Yes.

5 MS. NEIBEL: Vice Chair Richards?

6 VICE CHAIR RICHARDS:

7 MS. NEIBEL: Vice Chair Hartnett?

8 VICE CHAIR HARTNETT: Yes.

9 MS. NEIBEL: Mr. Rossi?

10 BOARD MEMBER ROSSI: Yes.

11 MS. NEIBEL: Ms. Perez-Estolano?

12 BOARD MEMBER PEREZ-ESTOLANO: Yes.

13 MS. NEIBEL: Mr. Henning?

14 BOARD MEMBER HENNING: Yes.

15 MS. NEIBEL: Mr. Frank?

16 BOARD MEMBER FRANK: Yes.

17 MS. NEIBEL: Ms. Selby?

18 BOARD MEMBER SELBY: Yes.

19 MS. NEIBEL: Chairman Richard?

20 CHAIRMAN RICHARD: Yes.

21 VICE CHAIR HARTNETT: And I just want to remark it
22 was an excellent written report that was totally self-
23 sufficient.

24 UNIDENTIFIED MALE: Totally self-sufficient, nice
25 work.

1 CHAIRMAN RICHARD: Yeah, I was about to say the
2 same thing. Thank you, Mr. Hartnett.

3 VICE CHAIR HARTNETT: Thank you.

4 CHAIRMAN RICHARD: Okay. We'll move on to the
5 next item, which is item four, consideration of an amendment
6 to the Nossaman, LLP contract for time and budget.

7 And Mr. Fellenz, good Morning.

8 MR. FELLEENZ: Yes, Chairman Richard and Board
9 members, this item is to ask for an amendment for time and
10 money to the Nossaman contract.

11 I just want to give you a little bit of background
12 about the legal services that we're using at High-Speed
13 Rail. We have five members of the legal team who work
14 directly for High-Speed Rail, who are state employees. And
15 all litigation that occurs within the High-Speed Rail
16 Authority, as with most state agencies, is we use the
17 Attorney General's Office to represent us. It's required
18 under statute that we use the Attorney General's Office.

19 If they can't provide those services then we ask
20 them to give us permission to go to private counsel to
21 provide those services. There's a couple circumstances
22 where they may not be able to provide the services. That
23 would include a lack of expertise in a particular subject
24 matter area or lack of staff to perform the work, because of
25 the magnitude or volume of the work.

1 So all of our litigation, almost 100 percent, has
2 been handled by the Attorney General's Office and that's in
3 the areas in funding and environmental litigation that we've
4 seen.

5 We also have an inter-agency contract with the
6 Department of Transportation within the state system.
7 They're experts in the property acquisition arena and we
8 have this agent -- we have an inter-agency agreement that
9 they will provide all the real property legal advice
10 necessary for us to go through the property acquisition
11 process, including any litigation that might come from that
12 process.

13 We also have an inter-agency contract with the
14 Department of General Services. They're the experts in
15 goods and services contracts. We rely on them to provide us
16 with legal advice and guidance in those particular areas.

17 Since 2011, the Nossaman law firm has been
18 providing us legal services in a few particular areas that
19 we didn't have in-house counsel for. And we asked the
20 Attorney General's office for those services and they could
21 not provide them as well. The reasons were that they didn't
22 have the expertise.

23 The area that we have the most work being done by
24 Nossaman is in the area of design-build procurement. It's a
25 particular type of procurement, different from that the

1 Department of General Services provides. And for the most
2 part the state civil infrastructure systems have been
3 designed and built through a design-build -- design-bid--
4 build process, not a design-build process. Caltrans has a
5 very limited amount of experience in that area, very small,
6 only ten projects in its history. And so we asked the
7 Attorney General's office for that expertise. They were
8 unable to provide it, so we engaged with the Nossaman firm.

9 Another area that they have provided legal
10 services for us in is the environmental permitting area,
11 which are both state and federal environmental permits.
12 Each environmental section is required to obtain a number of
13 permits for protection of resources and those permits are
14 very voluminous. We engage with the permit issuing
15 department or agency at the federal and state level and
16 there's a lot of legal work to be done in that arena.

17 They also have provided us with legal services for
18 surface transportation petitions. An activity that we've
19 had with the Surface Transportation Board where the Surface
20 Transportation Board, as you recall, in 2013 has taken over
21 jurisdiction over our project. And therefore we are
22 required to ask their permission to construct.

23 And finally, we have gone through some train set
24 procurements. Again, we asked the Attorney General's
25 Office. They didn't have the expertise in that type of

1 procurement nor the resources and so Nossaman performed
2 those services as well.

3 The current contracts have the 30 percent small
4 business goal and we have amended the contract. And we have
5 attached, for your reference, the couple of Board
6 resolutions from the 2012 and 2013 where we've augmented the
7 amount of money for this contract. And what we're asking
8 for is an extension of this contract to 2017 and an
9 additional \$10 million of funds.

10 And I'm happy to answer any questions that you
11 might have.

12 CHAIRMAN RICHARD: Okay. An item definitely not
13 on the consent agenda.

14 Ms. Schenk, why don't we start with you?

15 BOARD MEMBER SCHENK: Thank you, Mr. Chairman.

16 And this is no surprise to Mr. Fellenz in his
17 excellent pre-meeting briefing. We had this conversation.
18 And let me just say at the outset I have the highest regard
19 for the Nossaman firm and the work that they've done over
20 the years for us and for other state agencies.

21 But, you know, despite that high regard we have
22 fiduciary and other duties here to make sure that every
23 public dollar is well spent and well reviewed no matter what
24 the source of that public funding, whether its bond money or
25 tax payer money etc. And so it's my view that thing have

1 changed since 2011. You know, we were really very
2 understaffed. We just needed all kinds of help. And we
3 still do need outside consulting help, but I do think that
4 this is a good opportunity rather than just for, I think now
5 the third time to extend this contract. And \$12 million,
6 you know, like Everett Dirksen said, "A million here, a
7 million there, pretty soon we're talking real money." That
8 we take a sharp-keyed look at the legal services and while
9 they have expertise other firms have this expertise.

10 And it wasn't familiar that they have train set
11 procurement expertise particularly, so we're paying for them
12 to acquire this expertise. And while I understand that
13 there is some training of state lawyers involved in the
14 contract, still we're paying them to develop a lot of
15 expertise. And maybe there's a new way of looking at this,
16 as you and I discussed. You know, law firms now do things
17 on a project basis. You deliver this for X amount of
18 dollars rather than the traditional billable hour. Here's a
19 budget and you just bill against that. We've got to take a
20 more sharp-eyed look. Maybe it is time to take a
21 competitive look to see what is out there and who is out
22 there that can do the work maybe for less money. There are
23 certainly a lot of very good firms.

24 So I don't think that -- that right now I'm
25 comfortable just loading "yea" on an extension of the

1 contract, because we've now reached our limit of what we had
2 approved in the prior amendment.

3 CHAIRMAN RICHARD: Thank you,
4 Ms. Schenk. Director Frank?

5 BOARD MEMBER FRANK: Thank you, Mr. Chairman. I
6 share a number of Director Schenk's concerns and I have a
7 couple of others.

8 As I understand it --

9 CHAIRMAN RICHARD: Could you pull your mic a
10 little closer, thanks?

11 BOARD MEMBER FRANK: As I understand it this
12 contract first came up in 2011 and the proposal was to issue
13 a contract to Nossaman for \$1.2 million, a year later an
14 augmentation to 5.9 million, a year later 14.5 million. And
15 now the request is to take the contract to \$27 million,
16 which is a fairly breathtaking figure at least to me.

17 I fully understand the need to retain outside
18 counsel for certain specialized work. And as Mr. Fellenz
19 has mentioned the utilization of the Nossaman firm, and
20 their expertise with respect to the Board's and the
21 Authority's interaction with the Surface Transportation
22 Board in Washington D.C., I think makes a lot of sense.

23 But I also see in the report, a request to hire
24 Nossaman for such things as strategic planning legal advice
25 and environmental permitting legal support. And it seems to

1 me that those are -- are skills that we either have in-house
2 or in state service or we need to develop and develop
3 quickly. There's a provision in the California Government
4 Code Section 11040, in which the legislature states, "It is
5 the intent of the legislature that overall efficiency and
6 economy in state government be enhanced by employment of the
7 Attorney General as counsel for the representation of state
8 agencies and employees in judicial and other proceedings."

9 And it seems to me as we develop a long-term plan
10 for provision of cost-effective and superior legal services,
11 that our priority ought to be developing that expertise and
12 utilizing that expertise either from our in-house counsel,
13 from the Attorney General's Office, or from other state
14 agencies where that expertise may already exist or could
15 quickly be developed such as the Department of
16 Transportation. So again, I -- I have concerns that over
17 the long term that we may be heading down a troublesome
18 path. And again, given our fiduciary duty I'd like to
19 encourage my colleagues on the Board to revisit this issue
20 in terms of how our long-term legal needs should be
21 addressed.

22 And the last thing I want to do, and see is our
23 very talented in-house legal staff be consumed with managing
24 outside counsel contracts, which I don't think could be the
25 best use of their time. Thank you.

1 CHAIRMAN RICHARD: Ms. Perez-Estolano?

2 BOARD MEMBER PEREZ-ESTOLANO: To echo some of the
3 concerns that some of my colleagues have mentioned I also
4 have concerns. One -- and when you briefed us last week I
5 appreciated you going through some of these issues, but then
6 I was able to kind of go through my materials and say, you
7 know, there's some questions I have.

8 Tom?

9 VICE CHAIR RICHARDS: Uh-huh?

10 BOARD MEMBER PEREZ-ESTOLANO: 2017 is a -- you
11 know, two and change years out and that seems like an
12 extensive extension to me in terms a contract of this scale.

13 I appreciate my colleague, Mr. Frank, outlining
14 the kind of succession of the cumulative cost or in terms of
15 the contract extensions just the adding up of those things.

16 And for me, I think it's important to have that
17 transparency. It's not consistent in the Board reports.
18 There's one report that basically does add the cumulative
19 piece, but I would like to have it on all of our -- because
20 its very difficult to kind of keep track of like, "Okay.
21 Where are we with these costs?" And so we started out with
22 1.9. We went up to 5.9. But, I mean, so -- so if we could
23 just have an understanding of where we are with this
24 particular issue, where the legal services cost, so that we
25 can understand.

1 That's related to another issue that came up in
2 our briefing with Mr. Hartnett, which is I would like an
3 overall review of where we are with our funding strategy as
4 a separate issue that I'd like to bring up as a -- as a
5 member later on. But to me, it's having some consistency in
6 terms of a sharing with the Board, "This is where we
7 started, this is where we've been, this is where we'd like
8 to go," in terms of these cumulative costs. Because it --
9 it is -- I mean I'm trying to add them up on the back of a
10 sheet here. And it would be helpful, and I think helpful to
11 the public, to know where are in terms of cumulative costs.

12 But I agree with both Rick and Lynn that -- that
13 we need to probably take a better look at this in terms of
14 how we're executing this particular contract.

15 CHAIRMAN RICHARD: Okay. Other comments?
16 Mr. Hartnett, Director Hartnett?

17 VICE CHAIR HARTNETT: Yeah. I appreciate the
18 points raised by my colleagues. I don't have the same
19 global concerns, but I think the individual points brought
20 up are certainly of interest to the entire Board and to the
21 efficient provision of legal services.

22 The outside role that the Nossaman firm provides
23 is absolutely critical, in my evaluation, to the success of
24 properly moving forward on the legal front with respect to
25 the number of -- number of the areas that have been

1 identified as to the scope of their services. Less
2 important is the strategic planning legal advice and, you
3 know, there's a couple of others that are not as important.

4 But I certainly don't want to be pennywise or
5 pound foolish. And I understand that Mr. Fellenz, you have
6 plans ongoing to request additional bodies in the Legal
7 Department, both so as to manage outside attorneys as well
8 as to do more in-house. Perhaps you could provide a little
9 more information on that to the Board, now in terms of how
10 you foresee the Department evolving? And how outside
11 services such as the Nossaman firm are integrated into your
12 plans for the legal department.

13 MR. FELLEENZ: Sure, I'd be happy to do that.
14 Right now, we have a request for two additional attorney
15 positions that goes through the Department of Finance. And
16 so that would be for the next fiscal year starting in July
17 1st, 2015. So that would bring a total of seven attorneys
18 in-house, including myself.

19 We also have had conversations with the
20 Transportation Agency about the issues that this Board's
21 bringing up, which is not just only in the legal area, but
22 also in engineering and other disciplines that we have a
23 need for. What other state departments or agencies have
24 that type of expertise and how can the High-Speed Rail
25 Authority tap into those to keep costs down? To use the

1 expertise that's sometimes very particular to state
2 activities and functions like we have?

3 And, for example, Caltrans -- having worked there
4 for a long time myself -- they have the contracts and
5 activities through building civil infrastructure that's very
6 similar to ours. And there's a lot of people at Caltrans
7 that have that kind of -- could help us out quite a bit.

8 And also, Caltrans funding is changing. And in
9 fact, it's becoming a -- it's shrinking, because of the
10 exhaustion of some bond funds that were available for some
11 period of time under Proposition 1A and from some ARRA funds
12 that Caltrans had received from the federal government,
13 which are near exhaustion. And so there's an opportunity, I
14 think, maybe to shift some of those resources that wouldn't
15 be needed at Caltrans over to the High-Speed Rail Authority
16 where we're really ramping up.

17 And that can be done in a variety of ways. I
18 think as Jeff -- Jeff's vision, and I think this Board's
19 vision, is to have a smaller state staff at the High-Speed
20 Rail Authority, compared to some other State agencies. For
21 example, Caltrans has 20,000 state employees. We have about
22 150 at this point. We're going to transition from a largely
23 public sector effort of developing the high-speed train
24 system and then shifting over to the private sector, which
25 would be operating that system. So we don't want to become

1 too large that we can't segue into that other phase of our
2 project. And so to the extent that we can tap into some
3 resources that either fade out with some other state
4 agencies, with inter-agency agreements, I think it can be
5 very beneficial for us.

6 So we're having those discussions. And for the
7 legal services I will be looking to Caltrans to see if
8 there's other areas that we can use to provide those legal
9 services that the Attorney General can't provide. Another
10 state agency is the Department of Water Resources. They do
11 civil infrastructure building and so that's another source.

12 And so we're looking at that. I think there is
13 going to be those opportunities we'll take advantage of.

14 CHAIRMAN RICHARD: I think in light of that, Vice
15 Chair Hartnett, just in a sidebar, made a suggestion that I
16 think makes sense. Which is that given the policy direction
17 from the Board, which is to -- or the sentiment of the Board
18 in expressing policy on this I think it probably makes sense
19 to take a step back, Mr. Fellenz, and maybe come back at the
20 next meeting with a revised plan. Let's look at an
21 absolutely minimalist approach to outside counsel to see
22 really, after looking and scrubbing, what services are
23 absolutely specialized services -- and number one.

24 Number two, it sounds as though even beyond that
25 if there are specialized services, and I know this will come

1 up later today, but Mr. Morales has had a -- put us on a
2 course that I think is a very good one, which is that where
3 we need to for continuity's sake to extend the contract, say
4 for time, we will do that. But otherwise. we will look to
5 refresh our processes through competitive bidding. And even
6 those contractors who have performed brilliantly for the
7 High-Speed Rail Authority, over time everybody needs to take
8 a step back and -- and kind of sharpen their pencils and
9 come back again.

10 So I think it's the sense of the Board that I'm
11 hearing, to ask you to revise the plan. To really distill
12 down the absolute necessity for any of those services that
13 are required outside of what is available, both through the
14 Attorney General's Office and through the rest of state
15 government. And then to lay out for us, a path of re-
16 solicitation for any remaining services. And I'm not saying
17 that that needs to be an absolute cut-off, but some type of
18 transition to both a focus on in-house as well as a re-
19 solicitation for any services we would need outside.

20 If that reflects the view of the Board --

21 BOARD MEMBER SCHENK: Mr. Chairman, excuse me, I'm
22 sorry. I have one more question?

23 CHAIRMAN RICHARD: Yes, Ms. Schenk, please.

24 BOARD MEMBER SCHENK: It does -- it does, but I
25 just have a -- how close are we to reaching the existing

1 cap? Do you need some extension between now and the next
2 meeting, so that we don't interrupt unwittingly what's going
3 on and what is necessary?

4 MR. FELLEENZ: We have enough money to go to the
5 next meeting, yes. And I think that the funds will be
6 exhausted probably by the end of January.

7 BOARD MEMBER SCHENK: Okay.

8 MR. FELLEENZ: And even though the term extended
9 out to June one of the reasons for the different -- for the
10 term -- the exhaustion of the funds before the term ends was
11 because of some of the train set procurement that we had
12 engaged in, particularly the Amtrak. And now we're going
13 with a separate procurement on that, so -- so we used some
14 of the funds up.

15 BOARD MEMBER SCHENK: Maybe we can borrow some of
16 those Amtrak lawyers who do have train procurement
17 experience?

18 MR. FELLEENZ: Right, right, right, right. So
19 we'll good through January, I believe.

20 BOARD MEMBER SCHENK: Okay. Thank you.

21 MR. FELLEENZ: All right, thanks.

22 BOARD MEMBER ROSSI: Mr. Chairman?

23 CHAIRMAN RICHARD: Yes, Director Rossi?

24 BOARD MEMBER ROSSI: I would only observe this.
25 We need to be careful here that we act as a Board and not

1 try and create the management structure for this Authority.
2 And also, I think we need to be very careful here to assume
3 that since something has always been done some -- in a
4 certain way in state government that it's the best way to do
5 it -- probably an oxymoron.

6 I mean, at some stage we need to be willing to be
7 comfortable that if management thinks they need outside
8 counsel then we need to deal with that issue. If we aren't
9 comfortable that management understands what they're doing,
10 then we ought to have a different set of conversations. And
11 I just want to urge the Board to be very careful here about,
12 "My past experience is we -- this is the way it's done and
13 here it is." Past experience is not necessarily what you
14 look to for the future.

15 And if we're going to run this operation in a
16 manner that is reflective of the most economic, efficient
17 and robust program that we can do for the citizens of the
18 State of California we need to be very comfortable about two
19 things. We're a Board, we don't run the place. Two,
20 because it's always been done some other way that isn't
21 necessarily the best way to do it tomorrow.

22 And I just want to be sure we're very careful here
23 about what we do as a Board.

24 CHAIRMAN RICHARD: Well, let me just comment on
25 that. I know others may -- Mr. Frank cited for us a state

1 statute. And I think our responsibility is a Board, among
2 other things, is to make sure that we're complying with the
3 letter and the spirit of state statutes. And so if the
4 state statute says that it's the legislature's wisdom that
5 the assumption is that legal services should be provided to
6 the greatest extent possible by the Attorney General's
7 Office then that needs to be our starting point.

8 After that, I agree with you. We need to look at
9 that and say, "Okay. If there are limits to what those
10 resources can provide we also have the responsibilities
11 under the Bond Act, and under other statutes, to deliver
12 this project. And so then I think that our responsibilities
13 as Board members kick in to make those judgments as well.

14 But in trying to condense what I thought I was
15 hearing from my colleagues, my starting point was where
16 Mr. Frank started, which is if the legislature has spoken on
17 this issue, then we need to be respectful of that. That's
18 our starting point. And then to really make sure that we
19 can say we took a hard look at that.

20 That doesn't mean that we automatically say that
21 all these services must be provided by the Attorney
22 General's Office, but that we don't just -- and I would also
23 say, Mr. Rossi, I think the problem is that as was pointed
24 out, we've been continuing to do things the same way with
25 the same firm and now we're up to \$27 dollars. I think it

1 just makes sense to take a pause and ask the question --

2 BOARD MEMBER ROSSI: Different issue,
3 Mr. Chairman. I'm not suggesting that the process, as
4 raised by Lynn and by Rick, that we ought to be sure we know
5 exactly what we're doing for the dollars that we spending.
6 That's a different issue.

7 What I'm suggesting is that we want to be -- yes,
8 the legislature says lots of things. I assume that this
9 management team has looked at that and have decided that
10 they need this other expertise. I also assume they will
11 understand what they need to build a legal department that
12 is reflective of the things they need to do.

13 And I'm just cautioning all of us that we need to
14 be very careful as to where our roles end and their roles
15 begin.

16 BOARD MEMBER SCHENK: Mr. Chairman, if I may --
17 that to Mr. Rossi's point?

18 CHAIRMAN RICHARD: Actually, if I could just ask
19 you to hold one second?

20 BOARD MEMBER SCHENK: Sure.

21 CHAIRMAN RICHARD: I jumped in before Vice Chair
22 Hartnett was about to say something, so let me just turn to
23 him first and then back to you, Ms. Schenk.

24 VICE CHAIR HARTNETT: Thank you. Just a couple of
25 points. First, Mr. Chair, that the summary that you made as

1 you read as the general direction of the Board does not
2 include me. But I -- it may include a majority of the
3 Board, but I want to be clear that -- that I don't
4 necessarily buy into that overall policy that you
5 articulated.

6 CHAIRMAN RICHARD: Okay.

7 VICE CHAIR HARTNETT: Secondly, I do agree with
8 Mr. Rossi in terms of his global view of this. And I would
9 like to see -- and I think it's consistent with what perhaps
10 the majority of the Board is looking for is not necessarily
11 a revised proposal, but a more flavorful report that sets
12 forth in a little more detail what it is that management is
13 recommending to us and why. That will also, perhaps answer
14 some of the questions that were raised today. I think there
15 are answers to those questions.

16 And I think the context is, as well, that the
17 existing agreement can be terminated by the Authority on 30-
18 days' notice. And so as we extend this if we do, it doesn't
19 bind us to living with that party. And so I think you have
20 to, to some extent, justify what your recommendation is and
21 be clearer on why you're recommending what you are.

22 But I'm not looking for a different report in
23 terms of your strategic objectives, personally.

24 CHAIRMAN RICHARD: Okay. Ms. Schenk?

25 BOARD MEMBER SCHENK: Thank you. Well, all right

1 I'm almost your age, Mike, so -- And having spent a whole
2 lot of those years in the state government as a cabinet
3 secretary, which Caltrans was one of my departments, and
4 then as Chief of Staff to the Governor let me say that it is
5 a well-established traditional model for agencies to come
6 and ask for outside counsel. And Jeff, I know when you were
7 at Caltrans you know this. And what -- and we need the
8 expertise that is not in-house and we want to make sure that
9 as much is done in the private sector as possible.

10 But what has happened over the years is we have
11 this model of going to outside counsel, entering into these
12 contracts with outside counsel, and then there is a
13 relationship that naturally develops between the in-house
14 staff and the outside counsel. And pretty soon, things that
15 can be done in-house whether in the AGs office or internal
16 Caltrans or whatever it's just easier, "Well, let's just ask
17 outside counsel to do this." And pretty soon it just bleeds
18 out and that has been the traditional model. This is not
19 something new that hasn't been done before.

20 And I'm just saying that we need to really bring
21 it back, as our Chairman says, and -- and take a very sharp
22 look at this at where do we really need outside expertise?
23 Where do we need to develop in-house expertise, because
24 we're going to need it in the long run and it is cheaper to
25 do it inside rather than outside.

1 So that has been the model in the past. Now,
2 maybe it's time to look at a new model.

3 CHAIRMAN RICHARD: Okay. Let me -- let me --

4 BOARD MEMBER PEREZ-ESTOLANO: Chairman, I'd like
5 to add one more comment?

6 CHAIRMAN RICHARD: Okay.

7 BOARD MEMBER PEREZ-ESTOLANO: Just very briefly I
8 just want to be on the record I support our leadership and
9 our management here in terms of how they think about the way
10 in which we're using public funds. And it's just up to us
11 to determine, you know, and question. And so I don't think,
12 what I've seen from this Board, us trying to micromanage. I
13 think we have extended to the CEO and to his team as much as
14 we can to say, "We have confidence, go forward, move
15 forward. Don't, you know -- we have faith that you're going
16 to make the best decisions on behalf of this project and
17 behalf of the state. So I don't think that that's what
18 we're saying.

19 I think that, you know, for me just personally
20 going to 2017 is an extensive period of time. The amount of
21 funds are extensive. And I just think that we can be --
22 it's a competitive market and I think that this is an
23 opportunity for us to get the best and most suited team to
24 assist us in what we're doing. So I -- for me the message
25 is not questioning the management. It's just saying, "I

1 think I'd like to drill down on this a little bit more."

2 That's all, Mike.

3 CHAIRMAN RICHARD: Okay. So what I'm going to
4 suggest is this, Mr. Fellenz, that different Board members
5 have different issues on this. I did my best to try to see
6 if I could wrap them all in, but I obviously was not able to
7 do that adequately and that's fine.

8 Members what I would suggest is that Mr. Fellenz
9 take a step back from this, have an opportunity to reach out
10 and discuss with members what their particular policy --
11 policy concerns are. And then come back to us with a plan
12 that addresses those at the next meeting.

13 And let me just say to the public that what I'm
14 saying here is not that the Board is going to make this
15 decision outside of public view. What I'm suggesting is
16 that there be an opportunity for Mr. Fellenz to reach to
17 individual Board members, not any type of collective
18 decision. We will then consider that in a public meeting at
19 our next meeting and the Board will express its policy views
20 at that time.

21 MR. FELLEENZ: Yep, I'm happy to do that. Thank
22 you.

23 CHAIRMAN RICHARD: Okay.

24 VICE CHAIR RICHARDS: Mr. Chairman, if I may just
25 for a moment?

1 CHAIRMAN RICHARD: Yes?

2 VICE CHAIR RICHARDS: Just so I say it in public.

3 I have agreed pretty much with most of what I've heard this
4 morning.

5 One of the things that is of interest to me would
6 be for you to -- I'd like to understand, not today but maybe
7 next meeting or if we talk in the interim, why are we better
8 served with going out of house for counsel with a single
9 firm, as opposed to going to whichever firm happens to be
10 best able to handle legal counsel for us, in whatever the
11 issue may be at the time? I'm sure there must be some
12 management and administrative issues with that, but I'm just
13 -- I'm concerned about why a single firm is best able to do
14 all the things that we may need to have done, okay? And how
15 that decision be being made when we do go out of house.

16 I assume quite often for litigation, but I'm also
17 concerned, I think, with some of the things that the other
18 colleagues have mentioned with regards to how do we
19 determine do we really need outside counsel for certain
20 things as opposed to handling those in a different way that
21 may be more cost-effective for the taxpayers. Thank you.

22 CHAIRMAN RICHARD: Okay.

23 MR. FELLEENZ: All right, thank you.

24 CHAIRMAN RICHARD: Mr. Fellenz, thanks. And I
25 appreciate the fact that a lot of work went into this, but

1 we'll ask you to do a little bit more.

2 So, okay with that I'm going to then go back to
3 item two. We've had some commentary in the last few minutes
4 about the wisdom of the California legislature and its work.
5 We have an opportunity to express those views in a different
6 way right now, but taking a moment to honor the work of
7 retiring Chair of the Assembly Committee on Transportation,
8 the Honorable Bonnie Lowenthal. And I'm delighted that
9 she's here with us this morning. I want to thank you for
10 coming.

11 I'm also delighted that you're accompanied by the
12 Committee's Chief Consultant, Ms. Dawson, who I want to say
13 two things about. She's been incredibly helpful to us.

14 And the other thing, Chair Lowenthal, is that I've
15 come to learn over the last three years that there were a
16 number of things that Ms. Dawson recommended that this
17 Authority do in past years that it didn't do that it should
18 have done, that it's now trying to catch up to do, so we
19 should've listened to her back then.

20 So you were well served by Ms. Dawson. And as a
21 consequence we -- we have been very, very grateful for your
22 leadership, not just on this project, but in general for the
23 people of California as we build transportation systems for
24 the future.

25 And with that I'd like to turn to our CEO

1 Mr. Morales, who I know has worked very, very closely with
2 you and the Committee and ask him to make a few remarks.

3 VICE CHAIR RICHARDS: Should we ask him to step
4 up, please?

5 CHAIRMAN RICHARD: And then certainly we'd like to
6 invite you to come up.

7 CHIEF EXECUTIVE OFFICER MORALES: Thank you,
8 Mr. Chairman and Chairwoman Lowenthal, thank you.

9 You know, I think we all know big things don't
10 happen without leadership. And we have been very fortunate,
11 not just this organization but I think the state as a whole,
12 very fortunate to have Bonnie Lowenthal as Chair of the
13 Transportation Committee over the last few years. When it
14 comes to our issue, our program, she's had a steady
15 conviction about what this can mean for the state and has
16 always kept things -- kept that focus, I think, as we've
17 dealt with some of the short-term issues going through.

18 You know, and it's very important to note that her
19 support for high-speed rail did not mean that she
20 automatically supported everything we did or, you know,
21 would propose to do. And, you know, we've been held
22 accountable. We've been pushed in different directions, but
23 always again with the long-term picture in mind. And I
24 think that's a quality in political leadership that isn't
25 always there. But I think, you know, again Chairwoman

1 Lowenthal has been consistent in that and never lost sight
2 of what the big picture was.

3 And on behalf of the staff and all of those who
4 worked with her, with the Committee, with Janet, I want to
5 express our appreciation for that and for the ability to
6 work constructively with you. And I think we are moving
7 forward in no small part, because of the leadership provided
8 by Ms. Lowenthal and through her Committee leadership.

9 CHAIRMAN RICHARD: Thank you, Mr. Morales.

10 We do have a resolution commemorating your work
11 and expressing our thanks. I don't think I'm going to ask
12 for a roll call on that. I'm going to assume that it is
13 passed by acclamation by the Board.

14 And Chair Lowenthal, welcome to our proceedings
15 this morning. We're grateful that you're here, so we'd love
16 to hear any remarks that you would have.

17 CHAIR LOWENTHAL: Well, first of all thank you so
18 much Mr. Chair and Jeff and the Board, the Authority.

19 It has been a bumpy road over my five years as
20 Chair of Transportation, but frankly from the moment I came
21 into the legislature I was a fan. And as a fan I wanted to
22 see the project move forward despite the bumps in the road,
23 despite the same people coming and objecting, for all the
24 reasons that you know, to the project.

25 I think your words were the most important, "long

1 term." You know, this was not something that ever needed to
2 stop, because of a hiccup. And I so I commend you for
3 staying on course. I will always be an advocate, but like
4 any other project it's two steps forward and one step back.
5 But under your leadership I think we're making great strides
6 and you will continue along the way. And even though I'm
7 out of the legislature in another month and a half -- but
8 who's counting -- I will be there to support the project and
9 to work in Southern California to the best of my ability.

10 So I wish you continued success, it is a success.
11 It's been difficult. I'm glad we nabbed some of that East
12 Coast money and good for us that they decided not to build
13 and I hope it continues. Thank you so much.

14 CHAIRMAN RICHARD: Thank you. And I'd like to
15 take a moment and just thank you very much for your work.

16 CHAIR LOWENTHAL: Thank you.

17 CHAIRMAN RICHARD: We have a resolution. If I can
18 just take a moment, we're going to hand it to you. Jeff?

19 (Colloquy Between Board Members)

20 Okay. Thank you, colleagues.

21 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman,
22 for the next item --

23 CHAIRMAN RICHARD: Item five?

24 CHIEF EXECUTIVE OFFICER MORALES: -- Item five we
25 can -- given the past performance we can ask if Ms. Boehm

1 needs to stand up or not. I will be happy to present as the
2 Board sees fit.

3 CHAIRMAN RICHARD: Does the Board have questions?

4 BOARD MEMBER ROSSI: I have one question. The
5 fact that we do it in two -- sorry, the fact that we do it
6 in two is not -- is insignificant, I just want to be sure
7 about that.

8 CHIEF EXECUTIVE OFFICER MORALES: It's
9 insignificant. The splitting is insignificant, and in fact,
10 we believe it can be more efficient --

11 BOARD MEMBER ROSSI: Perfect.

12 CHIEF EXECUTIVE OFFICER MORALES: -- because one
13 of the issues with the longer segment would have been --
14 meant that we could not move forward on a piece until we had
15 all of the issues resolved. So we think this is actually a
16 more efficient way or proceeding.

17 BOARD MEMBER ROSSI: Perfect.

18 CHAIRMAN RICHARD: I think we had that discussion
19 a couple of meetings ago. I'm not sure if you weren't
20 paying attention?

21 BOARD MEMBER ROSSI: I was -- I was not there,
22 good call.

23 CHAIRMAN RICHARD: All right, I believe it's --

24 BOARD MEMBER ROSSI: So moved.

25 CHAIRMAN RICHARD: -- been moved by Mr. Rossi,

1 seconded by -- did any of the members?

2 BOARD MEMBER SCHENK: Second.

3 CHAIRMAN RICHARD: Okay. Seconded by Ms. Schenk.

4 Did any other members have questions on this? Are we
5 comfortable moving forward?

6 VICE CHAIR HARTNETT: Yeah. I -- I just want to
7 comment again that the written report was very good. And
8 the lack of the need for oral presentation is a good sign,
9 not a bad sign other than I don't mean to say anything about
10 the legal presentation, because lawyers always -- always
11 create controversy. And so that -- that's a good thing, but
12 I think it was a very good written report.

13 MS. BOEHM: And yeah, I do --

14 CHAIRMAN RICHARD: And Tom get's paid by the hour.

15 Ms. Perez-Estolano?

16 BOARD MEMBER PEREZ-ESTOLANO: First of all
17 Michelle, very good report, and thank you for making the
18 trip.

19 I do have a question, because as -- as, you know,
20 an L.A. County residency -- and I don't know, Jeff, if this
21 is where we want to ask the question about the recent
22 designation of our Angeles National Forest as a national
23 monument by President Obama. But is this where we might
24 want to talk about that or did we want to address that
25 later?

1 CHIEF EXECUTIVE OFFICER MORALES: Sure --

2 BOARD MEMBER PEREZ-ESTOLANO: I just -- because
3 it's kind of wrapped into this particular --

4 CHAIRMAN RICHARD: Well, if we're going to have
5 this discussion then I'm going to basically set aside the
6 motion on it, because it's --

7 BOARD MEMBER PEREZ-ESTOLANO: That's fine, I just
8 wasn't sure. That's fine.

9 CHAIRMAN RICHARD: -- appropriate to have
10 information first and then have the motion, so let's go
11 forward.

12 BOARD MEMBER PEREZ-ESTOLANO: Fine, thank you.

13 CHIEF EXECUTIVE OFFICER MORALES: Yes. As people
14 may know last week on Friday, the President designated a
15 portion of the Angeles National Forest as a national
16 monument. That Angeles National Forest is between Palmdale
17 and Burbank and so it does come into question here certainly
18 what impact that might have. And a few points along those
19 lines.

20 One, we have not at this point identified a
21 specific alignment that would go there. What we have is a
22 broad study area. The designation of the national monument
23 is of not of the entire National Forest, it's of a segment
24 of it. And it may be the case that when, and if we get to a
25 determination of an alignment in that area, it may not in

1 fact touch the national monument area.

2 We have had specific direction from the federal
3 agencies. We've talked to the Council on Environmental
4 Quality, which is the agency that oversees the designation
5 of these. They have made it clear that the designation does
6 not preclude the evaluation of alternatives through here.
7 It does not preclude the eventual construction and operation
8 if we get through the environmental process, if all of the
9 clearances are made, and if in fact this -- an alignment is
10 selected in this area.

11 We don't know, frankly, if -- even if there were
12 not a designation whether an alignment would be -- might be
13 precluded through there for other reasons just as we go
14 through the process. So I think the important points being
15 again, there is no preclusion of the evaluation as a result
16 of the designation.

17 We will work closely with the Forest Service and
18 with the other agencies to make sure that our review is done
19 with their collaboration, cooperation and that it takes into
20 account all of the issues that -- along with the
21 designation. But the designation itself does not affect our
22 ability to move ahead at this stage of the program.

23 BOARD MEMBER PEREZ-ESTOLANO: Thank you, Jeff.

24 CHAIRMAN RICHARD: Okay. Are there other
25 questions on this item?

1 (No responses from Board Members)

2 All right, with that a motion?

3 BOARD MEMBER ROSSI: So moved.

4 CHAIRMAN RICHARD: Okay. Is there a second?

5 BOARD MEMBER SCHENK: A second.

6 VICE CHAIR RICHARDS: Second.

7 CHAIRMAN RICHARD: Okay. It's been moved by

8 Director Rossi, seconded by Ms. Schenk and by Vice Chair

9 Richards.

10 Will the Secretary please call the roll?

11 MS. NEIBEL: Ms. Schenk?

12 BOARD MEMBER SCHENK: Yes.

13 MS. NEIBEL: Vice Chair Richards?

14 VICE CHAIR RICHARDS: Yes.

15 MS. NEIBEL: Vice Chair Hartnett?

16 VICE CHAIR HARTNETT: Yes.

17 MS. NEIBEL: Mr. Rossi?

18 BOARD MEMBER ROSSI: Yes.

19 MS. NEIBEL: Ms. Perez-Estolano?

20 BOARD MEMBER PEREZ-ESTOLANO: Yes.

21 MS. NEIBEL: Mr. Henning?

22 BOARD MEMBER HENNING: Yes.

23 MS. NEIBEL: Mr. Frank?

24 BOARD MEMBER FRANK: Yes.

25 MS. NEIBEL: Ms. Selby?

1 BOARD MEMBER SELBY: Yes.

2 MS. NEIBEL: Chairman Richard?

3 CHAIRMAN RICHARD: Yes. Thank you, Michelle.

4 MS. BOEHM: Thank you.

5 CHIEF EXECUTIVE OFFICER MORALES: Mr. Chairman,
6 we're going to have Ms. Boehm write Tom's memos for him from
7 now. I think we're going to --

8 CHAIRMAN RICHARD: Actually, what I was -- I was
9 thinking since we believe that competition is in the public
10 interest that we should give out gold stars. And then, you
11 know, Mr. Tripope -- Mr. Tripousis and Ms. Gomez and
12 Ms. Boehm can all compete. At the end of the year they can
13 see who has the most gold stars or something.

14 All right, the next item is item six, an update on
15 the procurement for the PMT, the Program Management Team
16 contract and the next steps.

17 Mr. Jarvis, good morning.

18 MR. JARVIS: Good morning, Chairman Richard and
19 Board members.

20 CHAIRMAN RICHARD: Good morning.

21 MR. JARVIS: This is an informational item to
22 provide you with an update regarding the procurement of the
23 Program Management Team or PMT.

24 The California High-Speed Rail Program is
25 expanding from focusing primarily on the planning and

1 preliminary design phases to project delivery and
2 operations. So as the Authority evolves to meet these
3 changing needs the roll of key consultants will need to be
4 adjusted to reflect the status of the program.

5 The procurement of the PMT contract provides a
6 timely opportunity to position the Authority to meet its
7 evolving needs and objectives. The existing PMT contract
8 expires on June 30th of 2015. And as has been the practice
9 on other contracts, the Authority's intent is to
10 competitively procure all contracts when feasible, as the
11 Authority staff recommends procuring the PMT contract to
12 match the Authority's needs and goals as we move forward.

13 So the overall scope of the PMT contract is to
14 provide program management services, and the contract will
15 continue to include support for strategic advice, business
16 planning, and continued development in management assistance
17 for the program. It will also include a greatly expanded
18 focus on project delivery to ensure successful delivery and
19 a cohesive program with technical and operational
20 integration between the various projects and contracts into
21 a common system.

22 So specific areas which will require a proven
23 record of experience and success include advanced project
24 management in program management systems, alternative
25 delivery methods including public-private partnerships, P3s,

1 railroad systems and technical integration, specialized
2 project delivery components such as tunneling and operations
3 and maintenance of high-speed rail systems. So the
4 expansion of the PMT scope of work will allow the Authority
5 to benefit from experienced firms working together in
6 partnership on the upcoming challenges of delivering the
7 program.

8 So as the program transitions to focus more on
9 project delivery, the Authority will also transition to
10 ensure consistent oversight and transparency. The Authority
11 structure is designed to have a comparatively lean civil
12 service staff, we talked about that this morning, provide
13 vision, overall direction and oversight of the program.

14 While the PMT will play a vital role in supporting
15 cohesion and integration amongst the Authority's consultants
16 and contractors, the Authority will also continue to expand
17 relationships with other state agencies, which we also
18 talked about -- particularly with Caltrans -- in key roles
19 to assist in the delivery of the program and the statewide
20 interconnection of the high-speed rail system with the
21 state's existing inner-city rail and public transportation
22 systems.

23 So staff recommends a five-year contract with the
24 option to extend. And the contract will be structured
25 around functional areas with performance metrics refined and

1 managed through an annual work plan or AWP. The contract
2 will comply with the Authority's 30 percent small business
3 goal.

4 The procurement schedule is intended to allow
5 selection and award of the contract in a timeframe that will
6 allow for any necessary transition period considering that
7 the existing PMT contract expires on June 30th, 2015.

8 So a couple of key milestone dates as we move
9 forward is a presentation of the RFQ to the Board for
10 approval, which will take place in December of 2014 as well
11 as a release of the RFQ, which will follow that in December.

12 And the schedule is recommendation to contract award to
13 Board in April of 2015. And then we will follow that up
14 with a notice to proceed to the PMT in May of 2015.

15 So again, this is an informational item only.
16 Staff does not recommend any action at this time. And I
17 would be happy to answer any questions that the Board might
18 have at this time.

19 CHAIRMAN RICHARD: Very good, very clear.

20 Ms. Selby?

21 BOARD MEMBER SELBY: Yeah, I -- given the scrutiny
22 that we gave the Nossaman contract I would like to give a
23 little scrutiny to this one as well, along the same lines,
24 about building capacity. I know that when we had our
25 briefing with Tom Fellenz we talked about this a little bit.

1 I just -- I would love to see is it possible to
2 put in the contract, the RFQ itself, the necessity of sort
3 of looking to when it makes sense the Caltrans or other
4 places, which may have excess capacity before necessarily
5 throwing it over to the private sector?

6 MR. JARVIS: Yes, we could do that. We could put
7 that in as a provision in the RFQ and then once we get a
8 contractor on board we could work with them and help
9 facilitate that. So yeah, it's --

10 BOARD MEMBER SELBY: Because I feel like not only
11 with this help us as Californians, but hopefully this is the
12 first high-speed rail and we'll be able to continue to build
13 high-speed rail beyond California. And that whatever
14 capacity we build here in California, both on the legal side
15 and on, you know, the engineering side, could -- we could
16 help the rest of the United States with that. So that's my
17 thinking.

18 MR. JARVIS: Yeah. Yeah, understood.

19 BOARD MEMBER SELBY: Thanks.

20 CHAIRMAN RICHARD: Okay. Ms. Perez-Estolano?

21 BOARD MEMBER PEREZ-ESTOLANO: I just have two
22 questions. First of all --

23 MR. JARVIS: Yes.

24 BOARD MEMBER PEREZ-ESTOLANO: -- thank you for the
25 report, Scott.

1 MR. JARVIS: You're welcome.

2 BOARD MEMBER PEREZ-ESTOLANO: Do you have a budget
3 range in mind on this one?

4 MR. JARVIS: Yeah, currently our --

5 BOARD MEMBER PEREZ-ESTOLANO: I know that's
6 probably I'm --

7 CHIEF EXECUTIVE OFFICER MORALES: That'll be part
8 of the transcript.

9 BOARD MEMBER PEREZ-ESTOLANO: Okay. Thank you.
10 I'm just realizing -- thank you, Jeff. I appreciate that.

11 The second thing is, in terms of the industry
12 outreach, I would really ask given that we heard from folks
13 in small businesses and such from Fresno and other areas
14 let's make sure that we really work hard to -- to do our due
15 diligence in making those connections.

16 I know that -- and I appreciate very much that
17 you've outlined it in your timeline, so if you could make
18 sure that we -- we touch folks as much as possible, connect
19 the primes to the subs and do all those things and work with
20 our colleagues at the various different task forces that we
21 have, advisory groups. That'd be really important to us.
22 Thank you.

23 MR. JARVIS: Yes.

24 CHAIRMAN RICHARD: Vice Chair Hartnett?

25 VICE CHAIR HARTNETT: Thank you, Mr. Chair.

1 I think the theme that I look at under this PMT
2 contract is one that we've discussed before. And that is
3 those decisions that the government, the Authority as
4 representing the government, that should be made by a
5 governmental employee as compared to a private contractor.

6 It's important to keep that balance. And so as we
7 move forward on this, and as we continue to staff up whether
8 through a -- you know, a borrowing other employees or hiring
9 from other departments so that they are our employee, I
10 think we have to constantly bear in mind that those
11 decisions that we should be making, as compared to a
12 contractor, we -- we need to have that ability to do that.
13 We're not delegating governmental decisions to -- to a
14 private contractor in general.

15 And secondly, we still have to balance that as
16 well with the fact that long term we don't want to be a big
17 organization. And so that's again, another part of the
18 balance of how many people can you bring on. And then, you
19 know, tell them, "We're getting rid of you in two or three
20 years." So I think that's another part of the equation that
21 we need to look at, which is maybe a very difficult one to
22 balance all those things. But I think that we have to keep
23 all those in mind.

24 MR. JARVIS: Okay.

25 CHAIRMAN RICHARD: Vice Chair -- excuse me, I just

1 wanted to say Vice Chair Hartnett just made a number of
2 comments that I was -- had in mind and made them more
3 cogently than I would have. So I would associate myself
4 with those remarks.

5 Mr. Rossi?

6 BOARD MEMBER ROSSI: Same for me.

7 CHAIRMAN RICHARD: Okay. Other questions or
8 comments?

9 I would thank you for a very clear and
10 informational update. We understand that there's no action
11 here. I would just add one other comment, which is that
12 this has been a very large-scale contract. It's been an
13 extensive comprehensive effort by one program management
14 technical consultant that we've had for several years.
15 Sometimes that consultant themselves has been the subject of
16 some controversy within the controversy entire high-speed
17 rail project.

18 And I want everybody to understand that by this
19 re-solicitation this really is following a management
20 precept that has been laid down by our CEO, that I think the
21 Board has been very, very comfortable with. And that is
22 that it is healthy for the organization to have even the
23 largest contractors or small contractors go through the
24 process of re-competing.

25 And it's important for the public that we have the

1 opportunity to see if, notwithstanding the fact that someone
2 has been working with us for a long time, if another group
3 may have a more competitive idea, a more compelling story
4 that would cause us to -- to step back and look at this.
5 And to go forward in the best interest of the public.

6 So this does not presuppose any dissatisfaction
7 with this contractor, but it does say that it's in our
8 interest and the public's interest that this is the time and
9 place where this major contract should be re-competed. So I
10 certainly think that the CEO has had a clear vision of this
11 and as I said before, I think it's one that the Board has
12 embraced.

13 So with that, Mr. Morales, I'll give you the last
14 word, but also thank you Scott, for a very good
15 presentation.

16 MR. JARVIS: You're welcome.

17 CHIEF EXECUTIVE OFFICER MORALES: Yeah.

18 Mr. Chairman, just to follow on your comments, I think this
19 is -- this is really a reflection of the evolution of the
20 program and of the organization.

21 If you remember, the current contract was put in
22 place when the Authority was what, probably less than a
23 dozen people maybe? And it was, you know, a very different
24 time in the organization's place. You know, we're now up to
25 170 or so and do, in fact as Mr. Hartnett pointed out, have

1 government people making government decisions. And we can
2 be comfortable with that, so that just by that the nature of
3 the contract needs to change.

4 But we're also moving forward into a new phase of
5 the program. And some of the things that Scott talked about
6 -- the emphasis on not just project delivery, but also the
7 perspective of operating the system and knowing how we'll
8 have to act with concessionaires and how best to prepare
9 ourselves to do that, speaks to a different mix of the skill
10 sets that we need going forward. And so that's what this
11 contract reflects and is absolutely consistent with that
12 direction of always looking to reinvigorate through
13 competition. And I think we'll be well-served by going
14 forward this process.

15 And just on Ms. Perez-Estolano's comment, part of
16 the reason we wanted to do this presentation was to make
17 sure the industry knew that this will be out for
18 re-procurement, so that they can engage. And people can see
19 where those opportunities will be.

20 CHAIRMAN RICHARD: Well, very good. Okay.
21 Mr. Rossi?

22 BOARD MEMBER ROSSI: I think this is the right
23 place for this given what Jeff just said and some other
24 things. Plus the really nice reports that were presented,
25 other than Tom's, the really nice reports that were

1 presented here is -- is that if you haven't had a chance to
2 really look at the Audit and Finance Committee reports one
3 of the -- and Tom Richards can step in any time he thinks
4 I'm screwing up, which he does regularly -- but is that if
5 you look at these reports today one of the things that you
6 will find that is much, much different -- at least from when
7 I started, when we started Mr. Chairman -- is that you can
8 take a look at a series of reports and pretty much
9 understand where this operation is. And I think that that
10 speaks to the enhanced oversight by the management of the
11 Authority and the focus on trying to get it right.

12 And so I just want to echo the sentiments that I
13 think Vice Chair Hartnett was saying about these reports at
14 the Board. If you look at the Finance and Audit Committee
15 reports I think that -- particularly if you were to look at
16 them lineally from the beginning to where management has
17 them today is very impressive. And it is fairly easy to
18 understand where this -- where this Authority is from the
19 point of view of Finance. And it's also fairly easy to see
20 what is happening from the point of view of how the Audit
21 operation, which is independent is looking at all of the
22 things that need to be looked at.

23 And so I would just echo those thoughts, Jim, that
24 the presentations here are getting much, much better and
25 much more of substance.

1 CHAIRMAN RICHARD: Well, said. Okay, without --

2 BOARD MEMBER SELBY: I actually had a question?

3 CHAIRMAN RICHARD: Yes, Ms. Selby?

4 BOARD MEMBER SELBY: I'm very interested in the
5 budget and the finance and I -- the couple of times that
6 I've been have been really, really helpful.

7 And I'm just wondering -- this is kind of
8 following on earlier comments -- would it be possible to
9 have some sort of or do we already and I just haven't been
10 here long enough, regular update from the Budget and Finance
11 Committee to the regular Board just kind of letting us know
12 where we are? That may solve a lot of the issues that we're
13 having with sort of how does this relate to the budget?
14 Where are we? That kind of thing. At least I would find it
15 helpful.

16 CHAIRMAN RICHARD: I think the intention, and the
17 practice, has been quarterly reports. I don't know if this
18 is a calendar quarter, a Julian quarter, or a Jeff Morales
19 quarter, but some kind of quarter.

20 BOARD MEMBER ROSSI: We should. If we aren't
21 doing it as regularly as we should we can start at the next
22 Board meeting.

23 CHAIRMAN RICHARD: Yeah. Why don't we pick up on
24 third quarter report at the next Board meeting? I think
25 that would be --

1 BOARD MEMBER ROSSI: Tom Richards makes a very
2 good presentation.

3 CHAIRMAN RICHARD: Tom Richards does.

4 All right, without further ado then I think the
5 Board will enter into, what I believe is going to be a very
6 short closed session. Tom Fellenz has another memo for us.
7 No, I'm just kidding. And we'll report back immediately
8 after that. We'll be in recess.

9 (The High-Speed Rail Authority meeting
10 convened into Closed Session at 10:59 a.m.)

11 (The meeting reconvened at 12:22 and having no further
12 business, Chairperson Dan Richard adjourned the meeting)

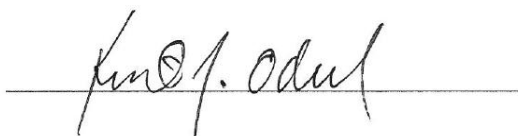
13 --oOo--
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of October 2014.

A handwritten signature in cursive script, appearing to read "Kent Odell", is written over a horizontal line.

Kent Odell
CER**00548

TRANSCRIBER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of October, 2014.



Terri Harper
Certified Transcriber
AAERT No. CET**D-709